

Transient Occupancy Tax Fund**Fund 461****PURPOSE OF THE FUND:**

The purpose of the Transient Occupancy Tax Fund is to account for all taxes collected from transient occupancy. The revenue in this fund is to be used to fund the fine arts division program and the cultural grants program and to provide a subsidy to the convention and cultural facilities of the City of San José.

The City's Transient Occupancy Tax ("TOT"), sometimes referred to as the "hotel tax," imposes a tax of 10% of the rent charged by the hotel operator to the transient for the privilege of occupying a hotel room. A "transient" is defined as any person who exercises occupancy or is entitled to occupancy for a period of 30 consecutive calendar days or less.

The City's hotel tax consists of a General Fund tax and a special fund tax. Chapter 4.72 of the San José Municipal Code imposes a tax of 6% which is deposited into a special fund for expenditure on specified art, cultural and convention purposes and is therefore a special tax. Chapter 4.74 imposes a tax of 4% which is deposited into the City's General Fund and is therefore a general tax.

AUTHORITY FOR THE FUND:

San José Municipal Code sections 4.80.1900 through 4.80.1920 and 4.72.010 through 4.72.160. Revenue and expenditure estimates are budgeted via Council funding sources resolution and appropriation ordinance, respectively.

SOURCE OF FUNDS:

- All revenues derived from the collection of transient occupancy tax;
- Interest earnings

FUND RESTRICTIONS:

According to San José Municipal Code 4.72.060 and 4.72.065, moneys from the Transient Occupancy Tax shall be expended as follows:

- Funding of a convention and visitors bureau for the City of San José, including a rental subsidy of city facilities for convention purposes (twenty five percent of the increase in revenue from 1981-1982 base);
- Funding of the cultural grant program and the fine arts division (twenty five percent of the increase in revenue from 1981-1982 base);
- Funding of the City's operating subsidy to the convention and cultural facilities of the City of San José (fifty percent of the increase in revenue from 1981-1982 base).

Any increase to the City's special fund hotel tax must be approved by a two-thirds vote, as opposed to the City's General Fund hotel tax which may be increased by a majority vote.

Updated as of: January 22, 2008

Transient Occupancy Tax Fund**Fund 461****LEAD RESPONSIBILITY:**

City Manager's Office/Finance Department

FINANCIAL INFORMATION AND LOCATION:**Comprehensive Annual Financial Report (CAFR) Designation:**

Government Fund-Special Revenue

Budget Location:

Adopted Operating Budget

Appropriation Ordinance Location:

19.01